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**Congress of the United States**  
**House of Representatives**  
**Washington, D. C.**

FOR IMMEDIATE RELEASE  
FEBRUARY 11, 1965

WASHINGTON—Improvements in automatic data processing management can save hundreds of millions in tax funds Southeast Texas Congressman Jack Brooks (D-Texas) said today on the introduction of federal ADP legislation.

The Congressman today introduced a bill providing for Government-wide coordination in the procurement and utilization of ADP systems. He stated that the savings from this legislation would be enough to "noticeably affect the annual Federal budget in future years."

The Congressman pointed out that the United States Comptroller General had estimated that this legislation would bring about savings of substantially more than \$100 million a year and emphasized, "as time passes, ever-increasing sums many times the amount of the Comptroller General's estimate will be involved.

"With billions of tax funds invested in ADP and with use of this equipment expected to expand indefinitely, we must provide the Government with the most efficient and effective management that can be devised without compromising agency equipment application or use."

Under the Brooks bill, the Bureau of the Budget and the General Services Administration would coordinate procurement and utilization of Government ADP equipment without interfering with the establishment of agency ADP requirements or the use to which the equipment might be placed.

A principal goal would be to increase utilization of equipment now on hand. While ADP systems are designed to function most efficiently on a three-shift, round-the-clock basis, Government systems are used little more than one shift a day on an average.

A second principal goal will be to provide for more economical procurement. First, available capacity would be substituted for new acquisitions where feasible. Secondly, authoritative Government-wide evaluations would be made to determine the advantages of lease versus the purchase of new systems.

And, lastly, efforts would be made to strengthen the bargaining position of the Federal Government in keeping with its position as the largest ADP user in the world.

Congressman Brooks spoke of the interest of the President and the Congress in economy in Government. And he said the Comptroller General, during the past seven years, had submitted more than 60 audit reports to Congress "fully documenting grave deficiencies in Government management of automatic data processing equipment." These reports, Congressman Brooks said, "support the Comptroller General's long-standing recommendation that acquisition and utilization of ADP equipment be coordinated on a Government-wide basis, as provided in this legislation."

There are approximately 2,000 ADP systems in use in Government departments and agencies with annual operating costs exceeding \$1 billion, Congressman Brooks said. Many of the larger systems sell for millions of dollars or lease at rates in excess of \$50,000 a month for one-shift operation. Thus he continued, "even the smallest mistake can be extremely wasteful."

Congressman Brooks introduced a very similar proposal in the 88th Congress and the bill was passed by the House of Representatives, but the Senate had not taken action when the session ended.

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CONGRESSMAN JACK BROOKS' REMARKS ON THE INTRODUCTION OF  
LEGISLATION TO PROVIDE GOVERNMENT-WIDE COORDINATION  
IN THE ACQUISITION AND UTILIZATION OF AUTOMATIC DATA PROCESSING EQUIPMENT  
February 11, 1965

Mr. Speaker -- On July 18, 1963, the House approved H. R. 5171, to provide the necessary operational machinery for Government-wide coordination of automatic data processing equipment. Approval of this measure would have made it possible for the Executive to acquire and utilize this highly useful but costly equipment on the most economical, business-like basis. Final action was not taken on this measure before the close of the 88th Congress. The proposal I introduce today is identical to H. R. 5171 except for several clarifying amendments.

Traditionally, the House has endeavored to improve the economy and efficiency of Government operations at all levels. And, we know of the President's interest. Only recently in his State of the Union Address he called for a Federal Government "moderate in structure, efficient in action, and ready for any emergency." Last May, in a cabinet meeting, the President was more specific. At that time he told the heads of our various departments:

"I want all reports made by the General Accounting Office and any Congressional committee to be given prompt and thorough and careful attention. Honest mistakes can be forgiven, but it is hard to forgive failures to examine and tighten agency procedures to guard against a recurrence of an error that is uncovered by the GAO or by a Congressional committee."

This legislation is the type of proposal to which the President referred in his frank discussion with his Executive leaders. This proposal is strongly recommended by the Comptroller General. During the past seven years he has submitted more than 60 audit reports to Congress fully documenting grave deficiencies in Government management of automatic data processing equipment. These support his long-standing recommendation that acquisition and utilization of ADP equipment be coordinated on a Government-wide basis.

Through approval of this legislation we will have within our grasp savings in tax funds of such magnitude as to noticeably affect the annual Federal Budget in future years. In May 1963, in hearings on H. R. 5171, the Comptroller General, who for many years has followed the development of automatic data processing, predicted that Government usage of this equipment would continue to increase for an indefinite

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period -- an increase more in a geometric rather than an arithmetic progression. In an article on automation appearing in the January 25, 1965 Newsweek, the author points out that this explosive growth is not limited to the Federal Government:

"Last year, corporations like IBM, RCA, Sperry Rand, General Electric, Honeywell and National Cash Register sold or leased about \$2 billion worth of this electronic marvel. There are now more than 20,000 general purpose computers in operation -- a two-thirds increase in less than two years -- and about 10,000 more are already on order."

In May 1963, the Comptroller General also predicted that ADP costs must soon be considered as an annual fixed charge against the Government which could not be reduced -- comparable to the interest on the national debt. To appreciate the sums involved, one has only to consider that there are approximately 2,000 ADP systems in use in Government departments and agencies with annual operating costs exceeding \$1 billion. Many of the larger of these systems sell for millions of dollars or lease at rates in excess of \$50,000 a month for a one-shift operation. In ADP management, even the smallest mistake can be extremely wasteful.

In May 1963, testifying on H. R. 5171, the Comptroller General further suggested that adoption of a business-like, Government-wide coordination system, as provided in this legislation, would result in savings of substantially more than \$100 million a year. He added that this estimate was conservative.

This estimated savings of more than \$100 million a year was based upon an authoritative study of benefits that would accrue to the Government through the purchase rather than the lease of 523 representative systems after an initial five-year period during which the savings would amount to about \$148 million. Were the Comptroller General to testify today, with the benefit of additional data developed during the last two years, I am sure his estimate of potential savings would be even more formidable.

First, there are far more than 523 systems involved. Last year, there were approximately 1700 systems. This year, as I pointed out, we are talking in terms of approximately 2,000 ADP systems in use in Government.

Second, the Comptroller General's \$100-million-a-year estimate did not reflect the substantial savings which can result from increasing the utilization of presently-held equipment. Round-the-clock, three-shift usage is generally considered as an optimum and, in most instances, a reasonable goal. The latest estimates indicate that Government ADP utilization falls far short of this goal.

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Third, the Comptroller General's \$100-million-a-year estimate did not consider that vast array of ADP equipment acquired at the expense of the taxpayers and located in the plants and facilities of defense and other contractors. No reliable Government-wide inventory of this equipment has been made. The best informed officials suggest that the total of these contractor-held systems at least equals the number of systems used in house in Government. Other estimates place the total of contractor-held equipment as high as twice the number of systems used in house in Government.

Thus the savings in tax funds from this legislation are not limited to \$100 million annually, but as time passes will involve ever-increasing sums many times this amount. With billions in tax funds invested in ADP and with use of this equipment expected to increase indefinitely, we must provide the Government with the most efficient and effective management that can be devised without compromising agency equipment application or use.

Turning to the substance of the problem, the Comptroller General has performed almost 100 reviews of Government ADP activities. Some 60 of these have resulted in highly critical reports to Congress. Of these, four have been comprehensive evaluations of Government-wide ADP management problems.

In the first of these comprehensive reports, issued in June 1958, he pointed out that there was no single agency of Government responsible for directing and coordinating continuing developments in automatic data processing. He emphasized that his principal recommendation was the need to establish an effective coordinated program of joint effort in the Government. Subsequent to that report, the Bureau of the Budget endeavored to improve Government ADP management, but these efforts relied upon an agency-by-agency approach.

In a second comprehensive report submitted to Congress in December 1960, the Comptroller General renewed this recommendation for Government-wide coordination in ADP management. And, some three years later, in March 1963, he advised Congress in a third comprehensive report that no significant progress had been made towards achieving an effective, coordinated mechanism in the Federal Government to obtain optimum utilization and economical acquisition of ADP equipment.

In April 1964, the Comptroller General, in a fourth comprehensive report, acknowledged some improvements but cautioned that only limited gains could be

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expected from the Government's uncoordinated approach. He again emphasized his recommendation for a Government-wide coordination system as provided in this legislation.

The lack of a Government-wide coordinated approach has been the principal basis for the Comptroller General's continuing criticism. Most of the costly deficiencies reported to Congress during the past seven years either stem directly from a lack of Government-wide coordination in the utilization and acquisition of equipment, or could be readily cured by this broader approach.

Low utilization of available equipment is a chronic problem throughout the Government. As previously discussed, significant savings could be achieved by a mere increase in the use of equipment the Government now has, in lieu of the acquisition of additional systems. Experience during the past seven years demonstrates that satisfactory utilization of equipment through sharing, multi-agency use, and interagency transfer cannot be obtained without active Government-wide coordination.

An obvious necessity in any effective management program is the availability of up-to-date, accurate, detailed inventory information. No such inventory is in existence today. But, under this legislation, GSA would maintain an inventory of Government ADP equipment as well as prospective requirements and other related information either necessary or desirable for management, technical, or policy-making purposes. This inventory, of course, would be maintained on an adequate ADP system. The information from it would give GSA, the Bureau of the Budget, user agencies, and the Congress the basic facts essential to the development and maintenance of an effective Government-wide ADP program. This information would also be available to ADP manufacturers on a routine basis affording them a better opportunity to compete for Government business on a cost and quality basis.

With this detailed information, GSA would have an effective means of increasing Federal utilization to an optimum level. GSA could routinely match new requirements with existing capacity through sharing (including the use of communications systems as this new technique continues to develop), multiple use and transfers. The central ADP revolving fund authorized in this legislation would afford GSA an effective means to fund the sharing and joint use of equipment. Agencies would prorate the cost on a time-use basis. Systems could also be speedily transferred from one agency to another simply by making an adjustment in the billing rates of the agencies involved.

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The Government's ADP procurement system is also inadequate under the present agency-by-agency approach. Little if any real advantage is obtained, considering that the Government is the largest ADP user in the world. First, as previously emphasized, you cannot reliably determine additional equipment needs until equipment on hand is used to an optimum extent. Then, as outlined in the Comptroller General's report of March 6, 1963, authoritative evaluations must be made as to the comparative benefits to the Government of lease versus purchase. These evaluations cannot be made on an agency-by-agency basis. They must reflect the projected economic life of the equipment to the Government as a whole and not solely to the initial procuring or user agency, as has been the practice in the past.

And, having decided that additional equipment is needed and that it should be leased or purchased, the Government must then be in the best possible position to obtain the most favorable purchase or lease prices, including volume discounts. This requires development of a single purchaser concept. This in turn requires use of a capital revolving fund and the overall Government-wide coordinating authority authorized in this legislation.

Under this approach, GSA would not become a Government ADP "czar." GSA would not interpose itself between the manufacturer and the user agency except in the execution of lease, purchase or maintenance contracts. As is now the case, each user agency would determine its own ADP requirements and these requirements would be provided, assuming that the Congress has appropriated adequate funds to the agency to cover annual rental of the system to be paid into the revolving fund and assuming the Bureau of the Budget, the President, or Congress does not specifically disapprove the user agency plans.

The bill I introduce today contains an amendment expressly reserving the right of user agencies to establish their own individual requirements. The amendment also guarantees any user agency the right to appeal from any decision GSA might make which the agency considers compromises its management responsibilities or adversely affects its operations.

The bill also contains appropriate exceptions necessary for reasons of security and defense and to allow deviations from the procedure when necessary for economy or efficiency. It is not the intent of this legislation that any specialized scientific

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or specially designed military ADP system components be included within the confines of this coordination procedure. The ADP of concern are the general purpose systems, which I understand comprise about 90 percent of the ADP equipment in the Government's possession.

An amendment is also included delineating the technical functions of the Commerce Department's Bureau of Standards. The Bureau of Standards would offer scientific and technical advisory and consulting services to agencies generally and to the Administrator of General Services in the operational management of this Government-wide ADP coordination program. In addition, the amendment provides for the submission of recommendations to the President relating to the establishment of uniform Federal standards for ADP equipment, techniques and computer languages. The amendment authorizes the necessary research to fulfill these responsibilities.

Any research the Bureau performed would neither duplicate nor interfere with the research of user agencies. The Bureau of Standards would supplement agency research efforts when necessary to meet Government-wide requirements for the services stated in this legislation.

The Subcommittee on Government Activities, of which I am chairman, will shortly announce the date of hearings on this legislation.